KAMCO announces its financial results for Q1 2017

KUWAIT: KAMCO Investment Company K.S.C. (Public), a leading investment company with one of the largest AUMs in the region, yesterday reported its financial results for the first quarter ended March 31, 2017. The Company recorded a net profit of KD 285,992, an increase of 112 percent in comparison to KD 135,150 during the first quarter ended March 31, 2016. Revenue stood at KD 2,291,618 with an increase of 42 percent in comparison to KD 1,609,816 for the same period in 2016. KAMCO's earnings-per-share (EPS) saw an increase of 1.20 fils, up 110.5 percent in comparison to 0.57 fils per share during the same period in the previous year.

Faisal Mansour Sarkhou

Chief Executive Officer of KAMCO, Faisal Mansour Sarkhou, said in his comments about the results, "During the quarter, KAMCO successfully completed the acquisition of Amazon's largest distribution warehouse located in the United Kingdom, for an all-in purchase price of approximately GBP 61 million." Sarkhou added that the Company acted as the acquisition advisor to Qurain Petrochemical Industries Company KSCP ("QPIC") on the successful acquisition of 20.5 percent of National Petroleum Services Company KSCP ("NAPESCO"). He also said that KAMCO acted as one of the Joint Lead Managers and Book Runners for Warba Bank K.S.C.P's ("Warba") Tier 1 Basel III compliant USD 250 million sukuk issuance.

Commenting on the KAMCO Investment Fund ("KIF"), Sarkhou said, "It is due to the efficient and prudent fund management strategy, supported by market stability during the first quarter of 2017, positive investor sentiments, oil market recovery and corporate profits in 2016, KIF ranked first locally in terms of return during the first quarter of 2017 with a growth of 15.93 percent."

Sarkhou also pointed out that during the first quarter of the year, the company launched its KAMCO Islamic Equity Fund's ("KIEF") public offering, for individual and corporate investors who wish to achieve attractive and long-term risk returns. The Fund seeks to outperform the stated benchmark by investing in equity securities of companies worldwide that comply with sharia guidelines.

Oil rises on Saudi-Russia comment on output cut

Worries over cyber-attack relegated to background

LONDON: Oil's strongest run of gains since December cushioned the hit to stock markets yesterday from a successful missile test by North Korea and a cyber-attack that locked 200,000 computers in more than 150 countries.

Asian shares hit a two-year high overnight and Wall Street was set to open higher, while Europe's major markets were mixed after hitting long-term highs in early trade. In Europe, another victory for Angela Merkel's conservatives in a regional election in Germany pushed Frankfurt's DAX to a record high in early trade.

But nerves about the pace of Chinese and US growth, and odd trends generated by record low volatility globally were lingering in the background and the DAX was down 0.1 percent on the day by 1200 GMT. "The main story of the day is the commodity market as the oil price rises, dragging up other commodity prices," said Kathleen Brooks, research director at City Index in London.

"This is also having a knock-on effect on the commodity currencies, with the CAD, AUD, NZD and NOK, the top performers in the FX space this morning." Saudi Arabia and Russia, the world's two top oil producers, said yesterday an output cut needed to be extended for a further nine months until March 2018 to rein in a global crude glut, driving oil prices almost 3 percent higher.

That made the past seven days the strongest for the crude market since December and spurred gains for copper and iron ore as well as in commodity-linked currencies including the Australian and Canadian dollars and Russia's ruble. Oil traders were surprised by the strong wording of the announcement, although it remained to be seen whether all countries participating in the deal would agree with the Saudi-Russian stance.

"Extending the cuts until March 2018 would take account of the fact that demand in the first quarter of a year is lowest for seasonal reasons," said Carsten Fritsch, analyst at Commerzbank.

"That said, we are skeptical about Russia's willingness to actively participate in any extended cuts."

Mixed bag

At a time when central bank policymakers are wondering if they have successfully got consumer prices moving upward again, two weeks of fuel price rises also hint at another boost to headline rates of inflation in the months ahead. That in the past has been a mixed blessing for markets and the global economic outlook, and gains for European stocks were neither large nor across the board, with Paris shares drifting lower.

The past fortnight has seen the emergence of some broad concerns over the pace of economic growth in the United States and China, and US data on Friday was read as weak.

Gains in US Treasury yields from the oil bounce were less than those for their German equivalents and the euro was a third of a cent stronger against the dollar.

"The shadow of Friday's softer US CPI and retail sales data hangs over markets this morning," Societe Generale analyst Kit Juckes said in a note to clients. "The inability of the dollar to gain more ... reflects the changing global landscape as recovery elsewhere drives rates and yields a bit higher. With a thin US data calendar, there's not much to propel yields or the dollar back up." — Reuters

SHANGHAI: People cross a road in a shopping area in Shanghai yesterday. China's factories and workshops saw their output slow sharply in April, data showed yesterday as the world's second-largest economy grapples with tighter credit and weaker demand. —AFP

China's economy loses traction on debt risks

BEIJING: China's growth took a step back in April after a surprisingly strong start to the year, as factory output to investment to retail sales all tapered off as authorities clamped down on debt risks in an effort to stave off a potentially damaging hit to the economy. Waking up to the systemic threat posed by cheap credit-fueled stimulus since the 2008-9 global financial crisis, Beijing has continued to tighten the screws on speculative financing over the past several months.

Data yesterday highlighted the broad economic impact of these regulatory curbs, with below-forecast factory output in April and fixed-asset investment in the first four months of the year reinforcing evidence of a weakening manufacturing sector and slowing momentum in the world's second-biggest economy.

"If anything (the slowdown) is even faster than we expected," said Julian Evans-Pritchard at Capital Economics in Singapore in an interview before the data was released. However, "we're still some way off from the economy weakening to the point where it will test the tolerance of policymakers...as the urgency to address some of these financial risk issues (is even greater)," he said. Factory output was up 6.5 percent in April from a year earlier, down from 7.6 percent in March, and fixed-asset investment rose 8.9 percent in the first four months of the year, off the 9.2 percent pace in Jan-March. Analysts polled by Reuters had predicted factory output would grow by 7.1 percent in April, and tipped fixed asset investment to rise 9.1 percent in Jan-April.

Output growth slowed on tumbling steel and iron ore prices amid concern over rising inventories after China's mills cranked out as much metal as possible to drive factory production to its highest since December 2014. However, on a volume basis, steel output hit a record in April, data yesterday showed, stoking worries of a growing glut as demand remains flat even as China says it is ahead of schedule on capacity reduction targets. Fixed asset investment in the manufacturing sector also slowed over Jan-April, with growth of 4.9 percent down from 5.8 percent in the first quarter. Infrastructure spending, however, continued to grow over 23 percent year-on-year in the same period, supported by Beijing's Belt and Road initiative to expand investment links with Asia, Africa and Europe.

Property cools

Analysts say Beijing is keen to ensure steady economic growth ahead of the 19th Communist Party Congress later in the year. Chinese leaders have pledged to shift the emphasis to addressing financial risks and asset bubbles which analysts say may pose a threat to the Asian economic giant if not handled well. China's central bank has been guiding short-term interest rates higher to help contain debt perils, though it is treading cautiously to avoid hurting economic growth. A red-hot property market, fueled by speculative investments, has been identified by analysts and policymakers as one of the biggest risks to growth.

Yesterday's data showed investment in property development picked up in April, although sales growth was significantly slower, suggesting investment in the sector remained robust even as intensified government controls to rein in the market began to take effect. The area of property sold grew 7.7 percent year-on-year in April, the lowest since December 2015 and well short of the 14.7 percent increase in March.

Softer consumption

Retail sales rose 10.7 percent in April from a year earlier, weaker than March's 10.9 percent gain as home appliances and automobile sales growth slowed from March. At the same time, growth in the services sector slowed to 8.1 percent year-on-year, down from 8.3 percent growth in March and the slowest since December." Slowing domestic consumption growth and softer external demand appear to have driven the slowdown in China at the start of the second quarter," Capital Economics' Evans-Pritchard said in a note following the data release.

The country's first quarter economic growth came in at a faster-than-expected 6.9 percent, the quickest since 2015 on higher government infrastructure spending and a gravity-defying property boom. China has cut its economic growth target to around 6.5 percent this year to give policymakers more room to push through painful reforms and contain financial risks after years of debt-fueled stimulus.

But with the ambitious new Silk Road global development initiative and the Xiong'an "satellite" capital plan, analysts don't expect China to stray too far from the investment-led growth model. —Reuters

In marginalized south Tunisia, unrest over gas tests govt

KAMOUR, Tunisia: In Tatatouine province in Tunisia's southern Sahara, around 1,000 protesters living in a makeshift campsite are threatening to blockade roads used by foreign companies to access nearby gas and oilfields. They want a larger slice of the gas proceeds to go towards the development of Tatatouine, an area of high poverty and unemployment. Flags and banners hanging in the desert heat ask "Where is our energy wealth?".

Their weeks-long protest has disrupted production as some companies close fields as a precaution. Last week, President Beji Caid Essebsi for the first time ordered the army to protect strategic phosphate mines and gasfields operated by companies including Italy's ENI and Austria's OMV.

Rights groups have warned that this could lead to violence in the south, an area of unrest where many people feel abandoned by the government. The army has not yet arrived at the camp but the flags promise 'no surrender'. "We paid no attention to the president's speech. We will continue our peaceful protest for our rights, that is development, work and our share in energy riches," said Tarek Haddad, one of the protest leaders at the Kamour camp in Tatatouine.

"We are ready to talk, but we won't give up until our region gets solutions." Six years after its revolution ended Zine El-Abidine Ben Ali's autocratic rule, Tunisia is once again faced with the reality of how far its uprising has fallen short for many in the marginalized southern regions where the revolt first started.

Praised by Western governments as a model for democratic transition, Tunisia has mostly failed to deliver the economic opportunities to match its political success, leaving many youth with little hope.

The protests are another challenge for Prime Minister Youssef Chahed whose government is struggling to enact sensitive subsidy and public spending reforms demanded by the IMF and other lenders to help stabilize economic growth. Tunisia is a small oil and gas player compared with neighboring energy giants Libya and Algeria, OPEC members and major suppliers to European markets. But its economy is just recovering from 2015 Islamist militant attacks on tourists.

Protests targeting energy production are not new. British gas company Petrofac last year threatened to leave Tunisia and end its investment after protests over jobs disrupted gas production for nine months. ENI says the protests have not affected its production. But OMV has removed 700 non-essential staff and contractors as a precaution. Perenco halted production at its Targa and Baguel fields, while protests closed Canada-based Serinus Energy's Chouech Essaida field.

The government says protests around phosphate mines, another key earner, caused losses of around $2 billion since 2011. But they ended after negotiations, allowing state production to rise the highest levels since 2010. At Kamour, a brigade of National Guard troops keeps watch on the protests at the camp which is about 5 km from a gas pipeline. There was no sign of the army but an army spokesman said on Thursday the military were coordinating with the interior ministry to carry out the president's instructions. "Cutting off routes and halting energy production is a crime," Energy Minister Hela Chikhrouhou said. "It will not be tolerated anymore because it is destroying the economy."

Increasing tensions

Sending the army into a region that has faced unrest over jobs and lack of investment almost every year since the 2011 revolution, carries risk. Even before then, Gafsa, the south-western region at the heart of phosphate production, was seething with anti-government sentiment. In the town of Redeyaf a statue pays homage to a young man killed in 2008 rioting against Ben Ali's rule.

In many southern and central towns, agriculture is the main source of income. Near the Algerian and Libyan borders, fuel smuggling is also rife and opportunities scarce. Unemployment is around 15 percent nationwide, but almost double that in rural communities. "I am an information technician graduate, but I've been unemployed for more than 5 years. It is not normal that we see nothing of the riches coming out of our region," said Nejib Daifallah, 30, one of the protesters in Tatatouine.

When Chahed visited Tatatouine last month to negotiate with protesters, he was greeted by crowds chanting "Get Out". They refused offers of infrastructure development and around 900 jobs including some in oil, environment or part of the government's "Dignity" program with the private sector. Instead, they demanded at least 1,500 positions with oil companies and nearly $50 million in local investment.

Essebsi's decision to send in the army has had mixed reactions. "This is not a foreign army that will be protecting our natural resources, it's the national army protecting our revolution," said Rached Ghannouchi, leader of the Islamist Ennahda party which is in a coalition with the ruling secular Nidaa Tounes party founded by Essebsi. But opposition parties said it was a provocative step that would increase social tensions with young men simply seeking a better life.

Rights groups said there was a risk of violence. "Instead of calming the situation and looking for solutions for the social issues and unemployment, this will just increase tensions," opposition leader Adnen Monsar said. "You are sending in the army against peaceful protesters." — Reuters

EXCHANGE RATES

Al-Muzaini Exchange Co.

ASIAN COUNTRIES	
Japanese Yen	2.696
Indian Rupees	4.753
Pkistani Rupees	2.914
Srilankan Rupees	1.999
Nepali Rupees	2.976
Singapore Dollar	218.720
Hongkong Dollar	39.208
Bangladesh Taka	3.748
Philippine Peso	6.142
Thai Baht	8.827
GCC COUNTRIES	
Saudi Riyal	81.534
Qatari Riyal	83.977
Omani Riyal	794.049
Bahraini Dinar	811.880
UAE Dirham	83.245
ARAB COUNTRIES	
Egyptian Pound - Cash	19.600
Egyptian Pound - Transfer	16.820
Yemen Riyal/for 1000	1.227
Tunisian Dinar	127.050
Jordanian Dinar	430.720
Lebanese Lira/for 1000	2.037
Syrian Lira	2.179
Morocco Dirham	31.179
EUROPEAN & AMERICAN COUNTRIES	
US Dollar Transfer	305.550
Euro	335.950
Sterling Pound	396.150
Canadian dollar	224.010
Turkish lira	86.190
Swiss Franc	307.550
Australian Dollar	227.630
US Dollar Buying	304.350
GOLD	
20 Gram	251.030
10 Gram	128.440
5 Gram	65.060

Dollarco Exchange Co. Ltd

Rate for Transfr	Selling Rate
US Dollar	304.800
Canadian Dolla	226.525
Sterling Pound	392.135
Euro	328.485
Swiss Frank	305.110
Bahrain Dinar	808.430
UAE Dirhams	83.380
Qatari Riyals	84.605
Saudi Riyals	82.175
Jordanian Dinar	429.815
Egyptian Pound	16.978
Sri Lankan Rupees	2.005
Indian Rupees	4.728
Pakistani Rupees	2.907
Bangladesh Taka	3.742
Philippines Pesso	6.121
Cyprus pound	168.208
Japanese Yen	3.795
Syrian Pound	2.420
Nepalese Rupees	3.950
Malaysian Ringgit	70.185
Chinese Yuan Renminbi	44.745
Thai Bhat	9.860
Turkish Lira	84.130

Bahrain Exchange Company WLL

CURRENCY	BUY	SELL
	Europe	
British Pound	0.388019	0.398019
Czech Korune	0.004568	0.016568
Danish Krone	0.040806	0.045806
Euro	0. 329116	0.338118
Norwegian Krone	0.031640	0.036840
Romanian Leu	0.084681	0.084681
Slovakia	0.009153	0.019153
Swedish Krona	0.030530	0.035530
Swiss Franc	0.299308	0.310308
Turkish Lira	0.080073	0.090373
	Australasia	
Australian Dollar	0.217894	0.217894
New Zealand Dollar	0.203889	0.213389
	America	
Canadian Dollar	0.217681	0.226681
Georgina Lari	0.138004	0.138004
US Dollars	0.301450	0.305850
US Dollars Mint	0.301950	0.305850
	Asia	
Bangladesh Taka	0.003417	0.004001
Chinese Yuan	0.042810	0.046310
Hong Kong Dollar	0.037310	0.040060
Indian Rupee	0.004143	0.004831
Indonesian Rupiah	0.000018	0.000024
Japanese Yen	0.002614	0.002794
Kenyan Shilling	0.003041	0.003041
Korean Won	0.000262	0.000277
Malaysian Ringgit	0.066161	0.072161
Nepalese Rupee	0.003019	0.003189
Pakistan Rupee	0.002719	0.003009
Philippine Peso	0.006019	0.006319
Sierra Leone	0.000068	0.000074
Singapore Dollar	0.212284	0.222284
South African Rand	0.016910	0.025410
Sri Lankan Rupee	0.001639	0.002219
Taiwan	0.009782	0.009962
Thai Baht	0.008471	0.009021
	Arab	
Bahraini Dinar	0.803906	0.812406
Egyptian Pound	0.014073	0.019981
Iranian Riyal	0.000085	0.000086
Iraqi Dinar	0.000195	0.000255
Jordanian Dinar	0.425601	0.434601
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000157	0.00257
Moroccan Dirhams	0.020780	0.044780
Nigerian Naira	0.001266	0.001901
Omani Riyal	0.787215	0.792895
Qatar Riyal	0.083116	0.084566
Saudi Riyal	0.080393	0.081693
Syrian Pound	0.001298	0.001516
Tunisian Dinar	0.123088	0.131088
Turkish Lira	0.080073	0.090373
UAE Dirhams	0.081765	0.083465
Yemeni Riyal	0.000993	0.001073